



2003 Budget Update



Representative **Marc Boldt**
17th District

Representative Marc Boldt
432 John L. O'Brien Bldg.
P.O. Box 40600
Olympia, WA 98504-0600
360-786-7994

E-mail: boldt_ma@leg.wa.gov

Toll-free hotline: 1-800-562-6000

Committees:

Children & Family Services
Ranking Republican member
Appropriations
Higher Education

Visit <http://hrc.leg.wa.gov> for news and information
from the House Republican Caucus.

Dear Friends and Neighbors,

The 2003 legislative session is in its final few weeks. We are now focusing on adopting our state's biennial budgets. Building the 2003-2005 budget is even more challenging than past years due to a record budget deficit.

The fact is our current budget situation is a direct result of overspending in a declining economy. The 2002 state operating budget, which I did not support, authorized the expenditure of \$1.4 billion more than revenue coming in. It was built using one-time funds from the tobacco settlement account and on risky assumptions. Bottom line: it was unsustainable, and now we're paying the price.

We cannot continue to build our state's budgets with gimmicks. It didn't work then and it won't work now. We must look at the available revenue and build a budget that will deliver the results that matter most to the citizens of Washington.

I believe it is possible for the Legislature to balance the budget without raising general-fund taxes. Both the Senate and the governor have put together budget proposals that would fund government services without raising taxes.

State government is facing many challenges, but so are families and business throughout our state. It's important that government does the same thing Washington families must do during difficult times and start living within its means. Raising taxes would burden families and job providers at a time when many are simply trying to stay afloat financially.

This newsletter explains the budget process and highlights the various proposals we are considering. I want to know your thoughts. Please review the following budget information and contact me if you have any questions or comments.

As always I look forward to hearing your views.

Sincerely,

Marc Boldt



Representative
Marc Boldt
P.O. Box 40600
Olympia, WA
98504-0600

PRESORTED
STANDARD
U.S. POSTAGE PAID
OLYMPIA, WA
PERMIT NO 92

■ Understanding the budget process

Washington has three major budgets: transportation, capital and operating. Like 19 other states, Washington enacts budgets for a two-year cycle, beginning on July 1 of each odd-numbered year. During odd-numbered years such as this year, the Legislature decides where a major portion of spending within these budgets will go. In even-numbered years, the Legislature makes supplemental appropriations to cover unforeseen items and emerging issues.

The largest of the three budgets is the state's operating budget, which is largely supported by the general fund, plus federal funds and other revenue sources. Washington is one of seven states without a personal income tax. Revenues to support the general fund are obtained through sales taxes and other fees.

■ Building the state operating budget

The governor released the first budget proposal in December, and Senate Republicans followed suit with a no-new-tax budget the first week in April. By tradition, this was to be the year that the majority party in the House led off budget talks by releasing their proposal first. Originally scheduled for release on March 24, House Democrats have delayed their budget unveiling twice, with no new progress to report. At the time of this writing, the Legislature is in a holding pattern waiting for the majority Democrats in the House to bring their budget ideas to the table.

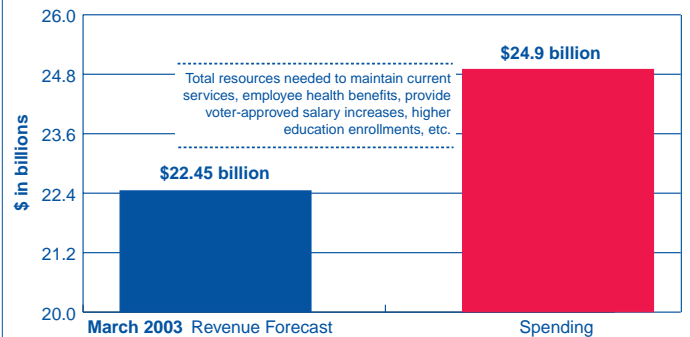
■ Government has a spending problem, not a revenue problem

It's no secret that Washington's economy is way down, yet what most states don't realize is state government expects to take in far more revenue over the next two fiscal years than it did the past two years.

So what is this budget "shortfall" everyone is talking about? It's caused by the idea that the state will automatically continue providing today's range and level of public services for two more years. When jobs go away, as they have so dramatically since 1999, and when incomes fall, government has less revenue to support public services. If we maintain state services at the level for the next two years, it will cost more than \$2 billion beyond what the state expects to collect during the 2003-05 biennium.

Writing a balanced budget that doesn't raise taxes will require significant cuts. There is no way around it – people who depend on government services will be impacted. Unfortunately, the past two years of spending under the Democrats' control have taken us too far down the road of

\$2.5 billion Shortfall in 2003-05 Budget



overspending and economic decline to repair this budget any other way.

Although some have suggested raising taxes to make up for the shortfall, I remain adamantly opposed to increasing the taxpayers' burden. Raising taxes to maintain the services available would only cause job providers and families to struggle even more. The only responsible answer is to do what families must do when hard times hit, and live within our means. That means reducing services to a level we can afford.

I am pleased Governor Locke and the Senate publicly favor that approach instead of calling for general tax increases. I hope House Democrat members will agree.

■ What's the next step in the budget process?

Because we have yet to see a House Democrat budget proposal, the process is at a complete standstill. Unfortunately, we are in the middle of a waiting game. The negotiating process cannot begin until we have three budget proposals to work from. Every day we wait for House Democrats to come to the table with a budget puts us one step closer to requiring a special session (to the tune of about \$20,000 per day) to complete our work.

■ Would you like more information?

If you would like updates on the budget and other issues that are important to you, please provide information below.

Name _____

Address _____ and/or

Email _____